

**NATIONAL INVESTMENTS COMPANY K.S.C.P.  
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**30 SEPTEMBER 2015 (UNAUDITED)**



Building a better  
working world

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NATIONAL INVESTMENTS COMPANY K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Investments Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 30 September 2015, and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

### *Report on other Legal and Regulatory Requirements*

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended and its executive regulations, or of the Parent Company's Articles of Association and Memorandum of Incorporation during the nine months period ended 30 September 2015 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2015 that might have had a material effect on the business of Parent Company or on its financial position.

WALEED A. AL OSAIMI  
LICENCE NO. 68 A  
EY  
AL AIBAN AL OSAIMI & PARTNERS

MOHAMMED HAMED AL SULTAN  
LICENCE NO. 100 A  
AL SULTAN AND PARTNERS  
MEMBER OF BAKER TILLY INTERNATIONAL

15 November 2015  
Kuwait

**National Investments Company K.S.C.P. and its Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**(UNAUDITED)**

For the period ended 30 September 2015

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015	2014	2015	2014
		KD 000's	KD 000's	KD 000's	KD 000's
<b>INCOME</b>					
Realized (loss) gain on financial assets at fair value through profit or loss		(142)	386	39	3,000
Unrealized (loss) gain on financial assets at fair value through profit or loss		(2,658)	2,231	(3,168)	814
Realized gain on financial assets available-for-sale		1,172	1,009	1,063	2,475
Gain on sale of trading property		510	371	510	371
Rental income		609	420	1,403	1,061
Dividend income		840	194	3,414	2,777
Management and advisory fees		904	1,177	3,001	3,852
Interest income		2	2	12	26
Share of results of associates		256	115	417	119
Gain on foreign exchange trading		23	25	242	129
Other income	4	607	-	12,087	-
<b>TOTAL INCOME</b>		<b>2,123</b>	<b>5,930</b>	<b>19,020</b>	<b>14,624</b>
<b>EXPENSES</b>					
Finance costs		97	34	282	118
Administrative expenses		1,385	1,348	4,548	4,886
Impairment losses	5	2,955	681	12,951	2,815
Loss (gain) on foreign currency translation		81	(120)	(493)	(59)
<b>TOTAL EXPENSES</b>		<b>4,518</b>	<b>1,943</b>	<b>17,288</b>	<b>7,760</b>
<b>(LOSS) PROFIT BEFORE PROVISION FOR CONTRIBUTION TO KFAS, NLST, ZAKAT AND DIRECTORS' REMUNERATION</b>		<b>(2,395)</b>	<b>3,987</b>	<b>1,732</b>	<b>6,864</b>
Taxation of overseas subsidiary		(70)	(56)	(70)	(56)
Provision for contribution to Kuwait Foundation for advancement of science (KFAS)		12	(25)	(21)	(44)
Provision for National Labour Support Tax (NLST)		47	(74)	(25)	(101)
Provision for zakat		19	(28)	(5)	(36)
Directors' remuneration		-	-	-	(60)
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<b>(2,387)</b>	<b>3,804</b>	<b>1,611</b>	<b>6,567</b>
<b>ATTRIBUTABLE TO:</b>					
Equity holders of the Parent Company		(1,258)	2,792	2,542	5,049
Non-controlling interests		(1,129)	1,012	(931)	1,518
		<b>(2,387)</b>	<b>3,804</b>	<b>1,611</b>	<b>6,567</b>
<b>BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	6	<b>(1.49) fils</b>	<b>3.34 fils</b>	<b>2.99 fils</b>	<b>5.88 fils</b>

The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2015

	Three months ended 30 September		Nine months ended 30 September	
	2015 KD 000's	2014 KD 000's	2015 KD 000's	2014 KD 000's
<b>(Loss) profit for the period</b>	<b>(2,387)</b>	<b>3,804</b>	<b>1,611</b>	<b>6,567</b>
<b>Other comprehensive (loss) income:</b>				
<i>Other comprehensive (loss) income to be reclassified to interim condensed consolidated income statement in subsequent periods</i>				
- Net unrealized (loss) gain on financial assets available-for-sale	(5,970)	6,591	(15,251)	3,297
- Foreign currency translation adjustment	1	410	625	416
- Share of other comprehensive income (loss) of associates	36	(27)	(139)	(43)
<i>Total other comprehensive (loss) income to be reclassified to interim condensed consolidated income statement in subsequent periods</i>	<b>(5,933)</b>	<b>6,974</b>	<b>(14,765)</b>	<b>3,670</b>
Realised loss (gain) on financial assets available-for-sale transferred to interim condensed consolidated income statement	133	(181)	472	(716)
Impairment loss on financial assets available-for-sale transferred to interim condensed consolidated income statement	2,955	605	12,476	1,609
Other comprehensive (loss) income for the period	<b>(2,845)</b>	<b>7,398</b>	<b>(1,817)</b>	<b>4,563</b>
<b>Total comprehensive (loss) income for the period</b>	<b>(5,232)</b>	<b>11,202</b>	<b>(206)</b>	<b>11,130</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	(3,918)	9,790	601	9,338
Non-controlling interests	(1,314)	1,412	(807)	1,792
	<b>(5,232)</b>	<b>11,202</b>	<b>(206)</b>	<b>11,130</b>

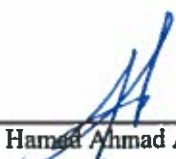
The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2015

		30 September 2015	(Audited) 31 December 2014	30 September 2014
	Notes	KD 000's	KD 000's	KD 000's
<b>ASSETS</b>				
Cash and balances with banks and financial institutions	7	13,266	20,698	14,624
Financial assets at fair value through profit or loss		21,165	28,279	31,534
Trading properties		872	1,137	1,430
Financial assets available-for-sale		98,565	110,992	127,837
Investment in associates	8	28,853	13,308	14,221
Investment properties		32,098	25,053	20,043
Other assets		5,606	6,522	2,317
Goodwill		1,000	1,364	2,864
<b>TOTAL ASSETS</b>		<b>201,425</b>	<b>207,353</b>	<b>214,870</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Due to banks		6,677	4,059	2,172
Accounts payable and accruals		7,425	8,736	5,634
<b>TOTAL LIABILITIES</b>		<b>14,102</b>	<b>12,795</b>	<b>7,806</b>
<b>EQUITY</b>				
Share capital		87,621	87,621	87,621
Share premium		49,593	49,593	49,593
Statutory reserve		16,721	16,721	16,014
Treasury shares	9	(4,794)	(3,433)	(2,104)
Treasury shares reserve		26,546	26,546	26,502
Foreign currency translation reserve		256	(125)	(221)
Cumulative changes in fair value		(2,105)	217	10,515
Retained earnings		4,275	6,817	5,896
<b>Equity attributable to the equity holders of the Parent Company</b>		<b>178,113</b>	<b>183,957</b>	<b>193,816</b>
Non-controlling interests		9,210	10,601	13,248
<b>TOTAL EQUITY</b>		<b>187,323</b>	<b>194,558</b>	<b>207,064</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>201,425</b>	<b>207,353</b>	<b>214,870</b>

  
Hamad Ahmad Al-Ameeri  
Chairman

  
Fahad Abdulrahman Al-Mukhaizim  
Chief Executive Officer

The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2015

	Attributable to equity holders of the Parent Company										
	Share capital KD 000's	Share premium KD 000's	Statutory reserve KD 000's	Treasury shares KD 000's	Treasury shares reserve KD 000's	Foreign currency translation reserve KD 000's	Cumulative changes in fair value KD 000's	Retained earnings KD 000's	Sub total KD 000's	Non-controlling interests KD 000's	Total KD 000's
Balance at 1 January 2015 (audited)	87,621	49,593	16,721	(3,433)	26,546	(125)	217	6,817	183,957	10,601	194,558
Profit (loss) for the period	-	-	-	-	-	-	-	2,542	2,542	(931)	1,611
Other comprehensive income (loss) for the period	-	-	-	-	-	381	(2,322)	-	(1,941)	124	(1,817)
Total comprehensive income (loss)	-	-	-	-	-	381	(2,322)	2,542	601	(807)	(206)
Purchase of treasury shares	-	-	-	(1,361)	-	-	-	-	(1,361)	-	(1,361)
Movement in non-controlling interest	-	-	-	-	-	-	-	-	-	(584)	(584)
Dividend paid (Note 10)	-	-	-	-	-	-	-	(5,084)	(5,084)	-	(5,084)
<b>Balance at 30 September 2015</b>	<b>87,621</b>	<b>49,593</b>	<b>16,721</b>	<b>(4,794)</b>	<b>26,546</b>	<b>256</b>	<b>(2,105)</b>	<b>4,275</b>	<b>178,113</b>	<b>9,210</b>	<b>187,323</b>
Balance at 1 January 2014 (audited)	87,621	49,593	16,014	(1,468)	26,284	(420)	6,425	5,134	189,183	12,163	201,346
Profit for the period	-	-	-	-	-	-	-	5,049	5,049	1,518	6,567
Other comprehensive income for the period	-	-	-	-	-	199	4,090	-	4,289	274	4,563
Total comprehensive income	-	-	-	-	-	199	4,090	5,049	9,338	1,792	11,130
Purchase of treasury shares	-	-	-	(3,132)	-	-	-	-	(3,132)	-	(3,132)
Sale of treasury shares	-	-	-	2,496	218	-	-	-	2,714	-	2,714
Movement in non-controlling interest	-	-	-	-	-	-	-	-	-	(707)	(707)
Dividend paid (Note 10)	-	-	-	-	-	-	-	(4,287)	(4,287)	-	(4,287)
<b>Balance at 30 September 2014</b>	<b>87,621</b>	<b>49,593</b>	<b>16,014</b>	<b>(2,104)</b>	<b>26,502</b>	<b>(221)</b>	<b>10,515</b>	<b>5,896</b>	<b>193,816</b>	<b>13,248</b>	<b>207,064</b>

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the period ended 30 September 2015

	Notes	Nine months ended 30 September	
		2015 KD 000's	2014 KD 000's
<b>OPERATING ACTIVITIES</b>			
Profit before provision for contribution to KFAS, NLST, Zakat and Directors fees		1,732	6,864
Adjustments for:			
Unrealized loss (gain) on financial assets at fair value through profit or loss		3,168	(814)
Realized gain on financial assets available-for-sale		(1,063)	(2,475)
Gain on sale of trading property		(510)	(371)
Dividend income		(3,414)	(2,777)
Interest income		(12)	(26)
Share of results of associates		(417)	(119)
Other income		(12,087)	-
Finance costs		282	118
Depreciation		72	193
Impairment losses	5	12,951	2,815
		<u>702</u>	<u>3,408</u>
<i>Changes in operating assets and liabilities</i>			
Trading properties		811	556
Financial assets at fair value through profit or loss		3,946	4,185
Other assets		853	1,038
Accounts payable and accruals		(714)	(83)
		<u>5,598</u>	<u>9,104</u>
Cash flows from operations		5,598	9,104
Interest income received		12	26
KFAS, NLST and Zakat paid		(259)	(178)
Directors remuneration paid		(72)	(60)
		<u>5,279</u>	<u>8,892</u>
Net cash flows from operating activities		5,279	8,892
<b>INVESTING ACTIVITIES</b>			
Purchase of financial assets available-for-sale		(23,436)	(32,438)
Proceeds from sale of financial assets available-for-sale		22,051	19,742
Purchase of investment in associate		(3,333)	-
Purchase and development of investment properties		(7,045)	(1,965)
Dividend from associate		156	344
Dividend income received		3,544	2,764
		<u>(8,063)</u>	<u>(11,553)</u>
Net cash flows used in investing activities		(8,063)	(11,553)
<b>FINANCING ACTIVITIES</b>			
Proceeds from short term borrowing		290	1,140
Purchase of treasury shares		(1,361)	(3,132)
Sale of treasury shares		-	2,714
Finance costs paid		(237)	(117)
Dividend paid		(5,084)	(4,287)
Movement in non-controlling interest		(584)	(707)
		<u>(6,976)</u>	<u>(4,389)</u>
Net cash flows used in financing activities		(6,976)	(4,389)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(9,760)</b>	<b>(7,050)</b>
Cash and cash equivalents at 1 January		19,649	20,642
		<u>9,889</u>	<u>13,592</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	7	<b>9,889</b>	<b>13,592</b>

The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

# National Investments Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

### 1 CORPORATE INFORMATION

The Group comprises National Investments Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively "the Group"). The Parent Company is a public Kuwaiti shareholding company, incorporated on 6 December 1987 and listed on the Kuwait Stock Exchange. The Parent Company is regulated by the Central Bank of Kuwait ("CBK") for financing activities and Capital Markets Authority ("CMA") as an investment company.

The purposes and objectives of the Parent Company are as follows:

- Undertaking all financial brokerage works and associated activities.
- Carrying out all financial transactions such as lending, borrowing, acting as a guarantor and issuance of bonds of all kinds with or without collateral in both local and global markets.
- Incorporating or participation in the incorporation of companies of all different types, purposes and nationalities as well as selling and purchasing of their shares, issued bonds and financial rights.
- Undertaking all the activities related to securities, including selling and purchase of all types of bonds and shares whether those issued by local and global private sector, governmental or semi-governmental companies.
- Managing financial portfolios, investing and developing its customers' funds by utilizing them in all local and global investment aspects.
- Investing in real estate, industrial, agricultural sectors and other economic sectors by participation in incorporating specialized companies or purchase of their shares.
- Undertaking real estate investments aiming at developing residential lands and building units, residential and commercial complexes with a view to selling or leasing them.
- Carrying out research and studies relating to capital investment and providing all associated services to third parties.
- Acting as issuance managers for bonds issued by companies or agencies.
- Establishment and management of investment funds for its own and others' account as well as issuing units for subscription and acting as manager for investment funds inside and outside the country in accordance with the applicable decisions and laws in the country.
- Managing funds of private and public institutions as well as investing and developing these funds in various economic sectors, including management and utilization of real estate portfolios in all local and global investment aspects.
- Providing and preparing research, studies as well as technical, economic and evaluation consultations in addition to studying investment projects and preparing required studies for institutions, companies and business sectors of all types.
- Dealing and trading in foreign currency exchange and precious metals market inside and outside Kuwait for the company's account without prejudice to the prohibition stipulated by ministerial resolution issued concerning the Central Bank of Kuwait regulation of investment companies.
- Carrying out all financial, consulting and investment services which help in fulfilling the needs of financial and monetary market in Kuwait and developing as well as strengthening its ability within the limits allowed by law and regulations or instructions issued by Central Bank of Kuwait.
- Owning industrial property rights, patents, industrial and commercial trademarks, commercial royalties, literary and intellectual rights relating to software, publications as well as utilizing and franchising them to other bodies.

The Parent Company may have an interest or participate in any manner with bodies performing activities similar to its own to assist the Parent Company achieving its purpose inside or outside Kuwait. It may also establish, participate, merge or buy such corporations.

The Parent Company's registered head office is at Khaleejia Complex, Al Mutanabi Street, Kuwait.

The interim condensed consolidated financial information for the period ended 30 September 2015 were authorized for issue in accordance with a resolution of the Parent Company's Board of Directors meeting on 15 November 2015.



# National Investments Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

### 2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" except as noted below.

The annual consolidated financial statements for the year ended 31 December 2014 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (CBK). These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the CBK's requirement for a minimum general provision.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 July 2014 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) and all values are rounded to the nearest KD thousand except when otherwise indicated.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the IFRS. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the nine months ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015. For more details please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2014.

### 3 SUBSIDIARY COMPANIES

Details of material subsidiary companies are as follows:

Name	Country of Incorporation	% Holding		Principal activities
		2015	2014	
International Infrastructure Holding Co. K.S.C. (Closed)	Kuwait	99	99	Investment
Gulf Investments Company EC ("GIC") (under liquidation)*	Bahrain	99	99	Investments
National Investment Company S.A.L.	Lebanon	100	100	Property development
Al Bawaba Al Wataniya for General Trading and Contracting Company W.L.L.	Kuwait	99	99	Trading and Contracting
National Gate for Computer Systems Company K.S.C. (Closed)	Kuwait	99	99.67	Information technology
Sapphire International Holding Limited	British Virgin Islands	100	100	Investment
Capucin Overseas NV (under liquidation)	Curacao	100	100	Investment
Al Seef Financial Brokerage Company K.S.C. (Closed) ("Al Seef")	Kuwait	47.86	47.86	Financial Brokerage
Al Mada Investment Fund ("Al Mada")	Bahrain	44.28	42.53	Investment

\*The Parent Company has taken full provision against the carrying value of its investment in the subsidiary at 31 December 1992 amounting to KD 4,921 thousand. Further, the subsidiary has been inactive for a number of years. During 2014, GIC's shareholders have approved the voluntary liquidation of GIC in the extra ordinary general meeting held on 5 May 2014. GIC is now represented by the liquidation committee. During the period ended 30 September 2015, the Parent Company has received shares in an investment bank amounting to KD 8,675 thousand and in two real estate development companies amounting to KD 2,550 thousand and KD 540 thousand as liquidation proceeds. They have been recorded as other income in the interim condensed consolidated income statement (Note 4).

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2015

4 OTHER INCOME

Other income mainly includes liquidation proceeds comprising of shares at fair value in an investment bank amounting to KD 8,675 thousand and in two real estate development companies amounting to KD 2,550 thousand and KD 540 thousand received by the Parent Company on liquidation of a subsidiary (Gulf Investments Company EC ("GIC")) (Note 3).

5 IMPAIRMENT LOSSES

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2015 KD 000's</i>	<i>2014 KD 000's</i>	<i>2015 KD 000's</i>	<i>2014 KD 000's</i>
Impairment on financial assets available for sale	2,955	606	12,476	3,189
Impairment of goodwill	-	-	364	-
Impairment of associate	-	-	250	-
Impairment (reversal of impairment) on other assets	-	75	(139)	(374)
	<u>2,955</u>	<u>681</u>	<u>12,951</u>	<u>2,815</u>

6 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share is computed by dividing the (loss) profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
(Loss) profit for the period attributable to equity holders of the Parent Company (KD 000's)	<u>(1,258)</u>	<u>2,792</u>	<u>2,542</u>	<u>5,049</u>
Weighted average number of shares outstanding during the period (excluding treasury shares)	<u>845,506,393</u>	<u>834,869,619</u>	<u>849,479,591</u>	<u>857,956,600</u>
Basic and diluted (loss) earnings per share	<u>(1.49) fils</u>	<u>3.34 fils</u>	<u>2.99 fils</u>	<u>5.88 fils</u>

As there are no dilutive instruments outstanding, basic and diluted (loss) earnings per share are identical.

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows consist of the following:

	<i>30 September 2015 KD 000's</i>	<i>(Audited) 31 December 2014 KD 000's</i>	<i>30 September 2014 KD 000's</i>
	Cash and balances with banks and financial institutions	13,266	20,698
Less:			
Due to banks due within three months of the contract date	(3,377)	(1,049)	(1,032)
	<u>9,889</u>	<u>19,649</u>	<u>13,592</u>

# National Investments Company K.S.C.P. and its Subsidiaries

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### 8 INVESTMENT IN ASSOCIATES

- a. During the period ended 30 September 2015, the Parent Company received additional equity interest in an investment bank (previously accounted for as financial asset available-for-sale) amounting to KD 8,675 thousand as liquidation proceeds from GIC, Bahrain (Note 3) resulting in the increase of its equity interest from 4% to 34%. The Group determined that it exercises significant influence over the investment bank at the date of acquisition and consequently accounted for this transaction under IAS 28: Investment in Associate and Joint ventures ("IAS 28").
- b. During the period ended 30 September 2015, the Parent Company acquired an equity interest equivalent to 42% in a real estate company for a total consideration of KD 3,379 thousand. The Group determined that it exercises significant influence over the real estate company at the date of acquisition and consequently accounted for this transaction under IAS 28.

The following table summarises the consideration settled/ paid to acquire the interest in the investment bank and real estate company and the provisional fair value of identifiable assets acquired and liabilities assumed at the acquisition date:

	Investment bank KD 000's	Real estate company KD 000's
<b>Total net identifiable assets acquired</b>	<b>8,675</b>	<b>3,379</b>
Consideration settled/paid	8,675	3,379
Less: Net identifiable assets acquired	(8,675)	(3,379)
<b>Provisional goodwill on acquisition</b>	<b>-</b>	<b>-</b>

- c. During the period ended 30 September 2015, there were additional acquisition by subsidiary companies of equity interest equivalent to 12.87% in a real estate investment company, which was previously accounted for as an associate resulting in the increase in Group equity interest from 17.08% to 29.95%. The Group determines that it continues to exercise significant influence over the real estate investment company.

### 9 TREASURY SHARES

	30 September 2015	(Audited) 31 December 2014	30 September 2014
Number of treasury shares	31,710,075	21,097,013	12,944,342
Percentage of capital	3.62%	2.41%	1.48%
Market value – KD thousand	3,488	3,162	2,330
Cost – KD thousand	4,794	3,433	2,104
Weighted average of market value per share (fils)	128	164	163

An amount equivalent to the cost of purchase of treasury shares have been earmarked as non-distributable from statutory reserve through-out the holding period of treasury shares.

As on 30 September 2015, the treasury shares have not been collateralized by the Group.

### 10 DIVIDEND

At the Annual General Assembly of the shareholders held on 28 May 2015, cash dividend of 6% of paid-up share capital for the financial year ended 31 December 2014 amounting to KD 5,084 thousand (2013: 5% amounting to KD 4,287 thousand) was approved and subsequently paid.

# National Investments Company K.S.C.P. and its Subsidiaries

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### 11 TRANSACTIONS WITH RELATED PARTIES

Related parties represent associated companies, managed funds, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Transactions with related parties are as follows:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2015 KD 000's</i>	<i>2014 KD 000's</i>	<i>2015 KD 000's</i>	<i>2014 KD 000's</i>
<b>Included in the interim condensed consolidated income statement:</b>				
Management and advisory fees (other related parties)	535	667	1,704	2,051
Rental income (associate)	17	17	50	50
<b>included in interim condensed consolidated statement of financial position:</b>				
				<i>Other related parties KD 000's</i>
Other assets			30 September 2015	1,968
			31 December 2014	544
			30 September 2014	589

### Compensation of key management personnel

The remuneration of key management personnel of the Group during the period were as follows:

	<i>30 September 2015 KD 000's</i>	<i>30 September 2014 KD 000's</i>
Short-term benefits	628	556
Employees' end of service benefits	178	167
	<u>806</u>	<u>723</u>

### 12 SEGMENT INFORMATION

For management purposes the Group is organized into four major business segments. The principal activities and services under these segments are as follows:

- Investment segment represents trading in equities including investment in associates and other strategic investments;
- Treasury segment represents liquidity management and trading in foreign currencies;
- Real estate segment represents buying, selling and investing in real estate; and
- Asset management and advisory represents managing discretionary and non-discretionary investment portfolio, managing of investment funds, and providing advisory and structured share services and other related financial services.

Management monitors the operating segment separately for the purpose of making decisions about the resource allocation and performance assessment. The segment performance is evaluated based on segment result before taxes in the management and reporting systems.

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12 SEGMENT INFORMATION (continued)

The following table presents revenue, results for the period, total assets and total liabilities information regarding the Group's reportable segments.

	<i>Nine months ended 30 September 2015</i>					
	<i>Investment KD 000's</i>	<i>Treasury KD 000's</i>	<i>Real estate KD 000's</i>	<i>Asset management and advisory KD 000's</i>	<i>Unallocated KD 000's</i>	<i>Total KD 000's</i>
Segment revenues	14,830	268	1,920	2,002	-	19,020
Segment results	(171)	(187)	990	1,030	(51)	1,611
Segment assets	160,324	6,395	33,453	614	639	201,425
Segment liabilities	1,879	1,188	5,918	14	5,103	14,102

	<i>Nine months ended 30 September 2014</i>					
	<i>Investment KD 000's</i>	<i>Treasury KD 000's</i>	<i>Real estate KD 000's</i>	<i>Asset management and advisory KD 000's</i>	<i>Unallocated KD 000's</i>	<i>Total KD 000's</i>
Segment revenues	10,229	131	1,441	2,823	-	14,624
Segment results	3,986	182	875	1,765	(241)	6,567
Segment assets	185,278	6,182	21,974	964	472	214,870
Segment liabilities	849	1,068	1,452	14	4,423	7,806

13 DERIVATIVES

In the ordinary course of business, the Group enters into various types of transactions that involve financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instrument, reference rate or index. Derivative financial instruments traded by the Group are forward foreign exchange contracts.

The table below shows the positive and negative fair values of derivative financial instruments, which are equivalent to the market values, together with the notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at period end and are not indicative of the credit risk.

	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Contract/ notional amount total KD 000's</i>
<i>30 September 2015</i> Forward foreign exchange contracts	-	-	-
<i>31 December 2014</i> Forward foreign exchange contracts	4	10	9,766
<i>30 September 2014</i> Forward foreign exchange contracts	30	36	38,440

All derivative transactions are for trading purposes and mature within 3 months from the reporting date.

# National Investments Company K.S.C.P. and its Subsidiaries

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### 14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September 2015 KD 000's</i>	<i>(Audited) 31 December 2014 KD 000's</i>	<i>30 September 2014 KD 000's</i>
Capital commitments towards investments and investment properties	277	7	4,334
Bank guarantees	1,057	1,057	1,057
	<u>1,334</u>	<u>1,064</u>	<u>5,391</u>

The Group has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

### 15 FIDUCIARY ACCOUNTS

The Parent Company manages portfolios on behalf of others and maintains cash balances and securities in fiduciary accounts without recourse to the Group which are not included in the interim condensed consolidated statement of financial position. As at the reporting date, total fiduciary assets managed by the Parent Company amounted to KD 1,190,148 thousand (31 December 2014: KD 1,521,166 thousand and 30 September 2014: KD 1,817,245 thousand). The total income earned from trust and other fiduciary activities amounted to KD 2,230 thousand (31 December 2014: KD 3,652 thousand and 30 September 2014 : KD 2,744 thousand).

### 16 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

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16 FAIR VALUE MEASUREMENT (continued)

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	KD 000's	KD 000's	KD 000's	KD 000's
<b>30 September 2015</b>				
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
<i>Held for trading:</i>				
Local quoted securities	11,326	11,326	-	-
Foreign quoted securities	9,839	9,839	-	-
<i>Financial assets available-for-sale:</i>				
Quoted equity investments	40,721	40,721	-	-
Unquoted equity investments	9,086	-	-	9,086
Unquoted mutual fund investments (investing in quoted securities)	25,596	-	25,596	-
Investment properties	32,098	-	-	32,098
<b>Assets measured at cost while fair value is disclosed</b>				
Trading properties	1,402	-	-	1,402
	<u>130,068</u>	<u>61,886</u>	<u>25,596</u>	<u>42,586</u>
<b>31 December 2014</b>				
	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	KD 000's	KD 000's	KD 000's	KD 000's
<b>Assets measured at fair value</b>				
<i>Financial assets held for trading:</i>				
Local quoted securities	13,855	13,855	-	-
Foreign quoted securities	14,019	14,019	-	-
<i>Financial assets designated at fair value through profit or loss:</i>				
Local unquoted securities	405	-	-	405
<i>Financial assets available for sale:</i>				
Quoted equity investments	47,106	47,106	-	-
Unquoted equity investments	2,296	-	-	2,296
Unquoted mutual fund investments (investing in quoted securities)	23,889	-	23,889	-
Investment properties	25,053	-	-	25,053
Forward foreign exchange contracts	4	-	4	-
<b>Assets measured at cost while fair value is disclosed</b>				
Trading properties	2,114	-	-	2,114
	<u>128,741</u>	<u>74,980</u>	<u>23,893</u>	<u>29,868</u>
<b>Liabilities measured at fair value:</b>				
Forward foreign exchange contracts	10	-	10	-

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16 FAIR VALUE MEASUREMENT (continued)

30 September 2014	Total KD 000's	Level: 1 KD 000's	Level: 2 KD 000's	Level: 3 KD 000's
<b>Assets measured at fair value</b>				
<i>Financial assets at fair value through profit or loss:</i>				
<i>a) Held for trading:</i>				
Local quoted securities	15,697	15,697	-	-
Foreign quoted securities	15,365	15,365	-	-
<i>b) Designated at fair value through profit or loss</i>				
Local unquoted securities	472	-	-	472
<i>Financial assets available-for-sale:</i>				
Quoted equity investments	56,491	56,491	-	-
Unquoted equity investments	2,761	-	-	2,761
Unquoted mutual fund investments (investing in quoted securities)	27,353	-	27,353	-
Investment properties	20,043	-	-	20,043
Forward foreign exchange contracts	30	-	30	-
Assets measured at cost while fair value is Disclosed				
Trading properties	3,024	-	-	3,024
	<u>141,236</u>	<u>87,553</u>	<u>27,383</u>	<u>26,300</u>
<b>Liabilities measured at fair value:</b>				
Forward foreign exchange contracts	36	-	36	-

Group's certain financial assets available-for-sale amounting to KD 23,162 thousand (31 December 2014: KD 37,701 thousand and 30 September 2014: KD 41,232 thousand) are carried at cost less impairment.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value.

	As at 1 January 2015 KD 000's	Gain recorded in the interim condensed consolidated income statement KD 000's	Gain / (loss) recorded in other comprehensive income KD 000's	Net purchases, transfer, sales and settlements KD 000's	As at 30 September 2015 KD 000's
<i>Financial assets designated at fair value through profit or loss:</i>					
Local unquoted securities	405	-	-	(405)	-
<i>Financial assets available-for-sale:</i>					
Unquoted equity investments	2,296	312	-	6,478	9,086
Investment properties	25,053	-	-	7,045	32,098
	<u>27,754</u>	<u>312</u>	<u>-</u>	<u>13,118</u>	<u>41,184</u>



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16 FAIR VALUE MEASUREMENT (continued)

	As at 1 January 2014 KD 000's	(Loss)/ gain recorded in the consolidated income statement KD 000's	Loss recorded in other comprehensive income KD 000's	Net purchases, transfer, sales and settlements KD 000's	As at 31 December 2014 KD 000's
<i>Financial assets designated at fair value through profit or loss:</i>					
Local unquoted securities	472	(67)	-	-	405
<i>Financial assets available-for-sale:</i>					
Unquoted equity investments	2,598	-	(449)	147	2,296
<i>Investment properties</i>	18,078	2,121	-	4,854	25,053
	<u>21,148</u>	<u>2,054</u>	<u>(449)</u>	<u>5,001</u>	<u>27,754</u>

	As at 1 January 2014 KD 000's	Gain / (loss) recorded in the interim condensed consolidated income statement KD 000's	Gain / (loss) recorded in other comprehensive income KD 000's	Net purchases, transfer, sales and settlements KD 000's	As at 30 September 2014 KD 000's
<i>Financial assets designated at fair value through profit or loss:</i>					
Local unquoted securities	472	-	-	-	472
<i>Financial assets available-for-sale:</i>					
Unquoted equity investments	2,598	-	-	163	2,761
<i>Investment properties</i>	18,078	-	-	1,965	20,043
	<u>21,148</u>	<u>-</u>	<u>-</u>	<u>2,128</u>	<u>23,276</u>

**Description of significant unobservable inputs to valuation of financial assets:**

Local unquoted securities represents delisted securities on local stock exchange, which are valued based on last traded prices, adjusted for additional impairment losses recognised on a prudent basis. The Group is confident of realising the remaining amount and believes it to be reasonable estimates of fair value.

Unquoted equity investment is valued based on net book value method using latest available financial statement of the investee entity, wherein the underlying assets are fair valued.

Derivative assets and liabilities are value based on a broker's quotes. The management considers the broker quotes as a fair indication of the fair value of these financial instruments.

**Description of significant unobservable inputs to valuation of non-financial assets:**

For the purpose of measuring fair value of trading properties and investment properties, the income approach is used where the present value technique is employed to reflect the current market expectations about the future estimated rental value (significant unobservable valuation input), based on per square meter per month rental rate and annual growth rate in the country in which the properties are located.

The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of shareholders' equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

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**16 FAIR VALUE MEASUREMENT (continued)**

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Other financial assets and liabilities are carried at amortised cost and the carrying values are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are re-priced immediately based on market movement in interest rates. Fair values of remaining financial assets and liabilities carried at amortised cost are estimated using valuation techniques incorporating certain assumptions such as credit spreads that are appropriate in the circumstances.